

Titon Holdings plc

Pre-Close Trading Update for year ended 30 September 2020 and Notice of Results

Titon Holdings Plc ("Titon", the "Group" or the "Company"), a leading international manufacturer and supplier of ventilation systems, and window and door hardware, is pleased to announce an update on trading for the year ended 30 September 2020. Full year results are expected to be announced on 14 January 2021.

Strong fourth quarter recovery after March manufacturing suspension

The Group expects revenues for the 12 months ended 30 September 2020 to be in the region of £21m, a decline of approximately 23% compared to the year to 30 September 2019. As announced earlier this year, sales in the period in the UK, Europe and South Korea were significantly impacted by the COVID-19 pandemic and the associated disruption to production and trading. However, trading has recovered ahead of the Board's expectations, particularly in the quarter ended September 2020.

Quarterly sales	Quarter ended 30 June	Quarter ended 30 September
Year-on-year change	-43%	-7%

Sales in Q3 were impacted as the Company made the decision to temporarily suspend UK manufacturing operations in March as a result of the UK lockdown restrictions. The Group recommenced UK limited production operations in April, increasing production levels steadily during Q3 and into Q4 as demand returned strongly. Manufacturing operations are now back to normal levels and the Board is pleased with the recovery in trading in the UK and Europe during the summer months, culminating in a strong performance in September, which exceeded the same month in 2019. Q4 sales performance overall was only 7% down on 2019, as a result.

In particular, the Group's Ventilation Systems division, which produces mechanical ventilation products principally for new homes, saw an encouraging return in demand over the summer months. Demand in our Hardware division returned at a slower pace than that of Ventilation Systems. By the end of the financial year, Titon Hardware monthly sales exceeded the same period for 2019.

In South Korea our subsidiary, Titon Korea, has continued to experience more challenging trading conditions, not helped by a particularly wet summer, which delayed many construction projects.

Continued focus on costs and cash management

As noted in the Group's Interim Report released in May 2020, the Group took actions to preserve cash and mitigate the impact of the pandemic on the business, including furloughing staff under the UK Government's Coronavirus Job Retention Scheme ("furlough"), reducing discretionary and capital expenditure and the Board taking salary reductions. The Group has steadily reduced the number of employees on furlough as our production and sales have improved: at 30 September 2020 less than five employees remained on furlough. The Group has not made any application for any Government supported loans but benefited from a VAT payment deferral for Q1 2020 which has now been repaid.

The Group started the pandemic in a strong financial position and the Board is pleased to confirm that this has been maintained through a rigorous focus on working capital management and various cost initiatives, ending the financial year with cash balances of approximately £4.5m and no indebtedness.

Keith Ritchie, Executive Chairman of Titon Holdings, commented:

"Our management and employees made impressive efforts to maintain the business in the face of the unprecedented challenges 2020 has generated. These have resulted in different ways of working both in our Haverhill factory and also at home for our Colchester based staff. Our employees in South Korea have also had to deal with similar changes as the pandemic impacted business there. We continue to remain focused on the health and safety of all of our stakeholders and to serving our customers. We are in a strong financial position and I am confident that Titon will come through these difficult times in good shape.

It is impossible to predict what the next 12 months will throw at us. The on-going pandemic and public health restrictions to tackle it, are likely to continue to impact the economies and therefore housing markets, for our customers wherever they are based. These factors give us reason for short-term caution but, in the longer term, there is a continuing focus on good indoor air quality in the UK and Europe, which we believe will lead to increased sales, particularly of our mechanical ventilation products. This trend, combined with the strong financial position of the Group gives us reassurance and strong conviction about our future".

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